

UPPER EXPLORERLAND REGIONAL
HOUSING AUTHORITY
POSTVILLE, IOWA

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

JUNE 30, 2010

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Upper Explorerland
Regional Housing Authority
Postville, Iowa

Federal Audit Clearinghouse
Bureau of the Census
P.O. Box 5000
Jeffersonville, IN 47199-5000

We have audited the accompanying financial statements of Upper Explorerland Regional Housing Authority, as of June 30, 2010 and for the year then ended as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards, generally accepted in The United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Upper Explorerland Regional Housing Authority as of June 30, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2010, on our consideration of Upper Explorerland Regional Housing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the

internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The management's discussion and analysis and the budgetary comparison schedule are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. The accompanying supplementary information shown on pages 17 to 19 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Upper Explorerland Regional Housing Authority. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The accompanying Financial Data Schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Ridihalgh, Fuelling, Snitker, Weber & Co., P.C.

RIDIHALGH, FUELLING, SNITKER, WEBER & CO., P.C.

November 4, 2010

UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY
POSTVILLE, IOWA

Management's Discussion and Analysis (MD&A)
June 30, 2010

The Upper Explorerland Regional Housing Authority was created under the Code of Iowa, Chapter 28E to provide safe and affordable housing to lower-income families residing in Allamakee, Howard, Fayette, Clayton, and Winneshiek Counties in northeast Iowa.

The Housing Authority receives funding to assist families in the private rental market from the Department of Housing and Urban Development's Housing Choice Voucher (HCV) program. The program uses already existing rental property. This is the private-market approach of allowing a tenant and a landlord to reach a rental agreement. The Housing Authority then provides the necessary financial assistance needed to the eligible families.

The Housing Authority enters into an annual contributions contract (ACC) each year with the Department of Housing and Urban Development to serve up to 407 families in the designated counties.

The financial statements included in this annual report are those required for a major federal program. Among the statements included are:

- Statement of Net Assets identifying current resources and liabilities. Assets are identified as both restricted and non-restricted. Restricted net assets have constraints placed on them either externally by grantors, contributors, or laws and regulations of government.
- Statement of Revenues, Expenses, and Changes in Net Assets identifying operating revenues and expenses. Those revenues that are restricted are identified as such in the report.
- Statement of Cash Flows identifying cash from operating and investment activities.

Financial Comparison

Below is a summarized statement that compares revenue and expenses of the current period to the period ending June 30, 2010:

REVENUES:	<u>06/30/2010</u>	<u>06/30/2009</u>	<u>Net Change</u>
HUD	\$1,386,914	\$1,220,721	\$ 166,193
Interest	\$ 3,123	\$ 9,788	(\$ 6,665)
Interest Income-Restricted	\$ 2,630	\$ 4,807	(\$ 2,177)
Fraud Recovery	\$ 1,429	\$ 2,506	(\$ 1,077)
Other	\$ 1,338	\$ 398	\$ 940
Total Revenue	\$1,395,434	\$1,238,220	\$ 157,214
EXPENDITURES:			
Admin Salaries	\$ 165,765	\$ 153,999	\$ 11,766
Employee Benefits	\$ 34,440	\$ 37,925	(\$ 3,485)
Other Operating-Admin	\$ 24,558	\$ 23,297	\$ 1,261

Management's Discussion and Analysis (MD&A)
June 30, 2010

EXPENDITURES (continued):

Auditing Fees	\$ 1,500	\$ 1,450	\$ 50
Utilities	\$ 2,775	\$ 2,036	\$ 739
Maint & Operation	\$ 7,613	\$ 8,066	(\$ 453)
Insurance	\$ 4,217	\$ 5,097	(\$ 880)
Other Expense	\$ 671	\$ 434	\$ 237
Hsg Assistance Payments	\$1,163,605	\$ 1,046,770	\$ 116,835
Total Expenditures	\$1,405,144	\$ 1,279,074	\$ 126,070
Change in Net Assets	(\$ 9,710)	(\$ 40,854)	\$ 31,144

Under the 2010 Consolidated Appropriations Act ("the 2010 Act"), the U.S. Department of Housing and Urban Development (HUD) established a new baseline for HAP funding eligibility, based on Voucher Management System (VMS) data for federal fiscal year (FFY) 2009. This process has also been referred to as re-benchmarking. This methodology was used to establish housing assistance payments (HAP) renewal funds, new incremental vouchers, and administrative fees for CY2010 funding. The Housing Authority was given the opportunity to review and update all VMS data related to the funding calculations for FFY2009 prior to the end of the data review period.

In addition, the Housing Authority submitted a request for 2010 renewal funding set-aside dollars under PIH Notice 2010-05. The Housing Authority was required to identify and document unforeseen circumstances that caused increased renewal costs and the impact of the same to the program. The Housing Authority defended its position for additional fees noting the shutdown of Agri Processors, a major employer in Postville, Iowa due to the immigration raid in May 2008. This left hundreds unemployed and in need of rental assistance. The economic disaster (severe flooding) in the City of Elkader, Iowa left twenty-five households without homes and many other families displaced due to wind and water damaged homes. The Housing Authority's large geographic service area also experienced high unemployment rates during this fiscal year impacting families in all five counties. Based on this criteria the U.S. Department of Housing and Urban Development determined the Housing Authority was eligible for set-aside funding and awarded an additional \$56,526 to assist with HAP payments during CY2010.

With the set-aside funds approved and a FY2010 renewal funding allocation of \$1,045,595, the Housing Authority was able to maintain a lease-up rate of 98.77%. This represented 4,824 unit months leased of the 4,884 unit months available for the period ended June 30, 2010.

Below is a summarized statement that compares the consolidated balance sheets of the current period to the period ending June 30, 2009:

	<u>06/30/2010</u>	<u>06/30/2009</u>	<u>Net Change</u>
ASSETS:			
Current Assets	\$423,112	\$430,021	(\$ 6,909)
LIABILITIES:			
Current Liabilities	\$ 17,443	\$ 16,219	\$ 1,224
Non-Current Liabilities	\$ 3,939	\$ 2,257	\$ 1,682

UNRESTRICTED NET ASSETS	\$114,725	\$136,906	(\$ 22,181)
RESTRICTED NET ASSETS	\$287,005	\$274,639	\$ 12,366
Total Liabilities & Net Assets	\$423,112	\$430,021	(\$ 6,909)

Assets were reduced over the fiscal year ending June 30, 2010. The amount of renewal funding provided to the Housing Authority was offset by the balance of the Housing Authority's Net Restricted Assets (NRA) account in accordance with the 2010 Act.

Non-current liabilities reflect an increase due to the : 1) additional administrative costs incurred during the period; 2) an increase in the amount of re-payment contracts executed due to vacancy loss, unpaid rent, unreported income and/or tenant damages.

Continued renewal funding based on the re-benchmarking formula will mandate management of the Housing Choice Voucher program in a manner that will enable the agency to serve families within the funding allocations and voucher baselines determined by HUD. An ongoing review of policies and operations will be done to ensure the support of decent housing within market rents for eligible participants.

This MD&A provides a general overview of the Housing Authority's finances. Questions or additional information may be obtained by contacting the UERPC Executive Director, P.O. Box 219, Postville, IA 52162-0219.

UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY
POSTVILLE, IOWA
STATEMENT OF NET ASSETS
June 30, 2010

	Total
ASSETS	
Cash-Unrestricted	\$ 113,778
Cash-Restricted	287,005
Accounts Receivable-HUD	-
Account Reveivable-Fraud Recovery	3,939
Accounts Receivable-Planning Commission	18,390
TOTAL ASSETS	<u><u>\$ 423,112</u></u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	\$ 17,443
Non-current Liability-Other	3,939
TOTAL LIABILITIES	<u><u>21,382</u></u>
NET ASSETS	
Unrestricted Net Assets	114,725
Restricted Net Assets	287,005
NET ASSETS	<u><u>401,730</u></u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 423,112</u></u>

UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY
STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2010

		Program Receipts		Net (Expense)
		Revenues/ Charges for Services	Restricted Interest	Revenue and Changes in Net Assets Governmental Activities
Functions / Programs:	Expenses			
Business Type Activities:				
Administrative Salaries	\$ 165,765	154,291	1,805	(9,669)
Advertising/Promotion	519	483	6	(30)
Auditing Fees	1,500	1,396	16	(88)
Employee Benefits	34,440	32,056	375	(2,009)
Contributions-Administrative				
Other Operating-Administrative	23,898	22,244	260	(1,394)
Tenant Services	141	131	2	(8)
Utilities	2,775	2,583	30	(162)
Ordinary Maintenance & Operations	7,613	7,086	83	(444)
Insurance	4,217	3,925	46	(246)
Housing Assistance Payments	1,163,605	1,163,605	-	-
Other	671	625	7	(39)
Total governmental activities	\$ 1,405,144	1,388,425	2,630	(14,089)
General Revenues (Uses):				
Unrestricted interest				3,123
Other Income				1,256
Change in Net Assets				(9,710)
Prior period adjustment				(105)
Net assets beginning of year				411,545
Net assets end of year				\$ 401,730

UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY
 POSTVILLE, IOWA
PROPRIETARY FUND-STATEMENT OF NET ASSETS
 June 30, 2010

ASSETS

Current Assets:

Cash-Unrestricted	\$ 113,778
Cash-Restricted	287,005
Accounts Receivable-HUD	-
Account Reveivable-Fraud Recovery	3,939
Accounts Receivable-Planning Commission	18,390
Total Current Assets	<u>423,112</u>

TOTAL ASSETS

\$ 423,112

LIABILITIES

Current Liabilities:

Accounts Payable	\$ 17,443
Accounts Payable-HUD	-
Other Current Liabilities	-
Total Current Liabilities	<u>17,443</u>

Non-current Liabilities

Non-current Liability-Other	<u>3,939</u>
Total Non-current Liability	<u>3,939</u>

TOTAL LIABILITIES

21,382

NET ASSETS

Unrestricted Net Assets	114,725
Restricted Net Assets	<u>287,005</u>

NET ASSETS

401,730

TOTAL LIABILITIES AND NET ASSETS

\$ 423,112

EXHIBIT D

UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
Year Ended June 30, 2010

REVENUES	Total
HUD	\$ 1,386,914
Interest-Unrestricted	3,123
Interest Income-Restricted	2,630
Fraud Recovery	1,429
Other	1,338
	<hr/>
TOTAL REVENUES	1,395,434
	<hr/>
EXPENDITURES	
Administrative Salaries	165,765
Advertising and Promotion	519
Auditing Fees	1,500
Employee Benefit Contributions-	34,440
Administrative	
Other Operating-Administrative	23,898
Tenant Services	141
Utilities	2,775
Ordinary Maintenance & Operations	7,613
Insurance	4,217
Housing Assistance Payments	1,163,605
Other Expense	671
	<hr/>
TOTAL EXPENDITURES	1,405,144
	<hr/>
CHANGE IN NET ASSETS	(9,710)
PRIOR PERIOD ADJUSTMENTS	(105)
FUND BALANCE, beginning	411,545
	<hr/>
FUND BALANCE, ending	\$ 401,730
	<hr/>

SEE NOTES TO FINANCIAL STATEMENTS

EXHIBIT E

UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY
POSTVILLE, IOWA
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2010

CASH FLOW FROM OPERATING ACTIVITIES

Cash Reveived from:	
HUD	\$ 1,386,914
Other	(9,870)
Cash Paid to/for:	
Housing Assistance Payments	(1,163,605)
Administrative Expense	(240,315)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(26,876)</u>
CASH, BEGINNING OF YEAR	<u>427,659</u>
CASH, END OF YEAR	<u><u>\$ 400,783</u></u>

Reconciliation of Net Income to Cash Provided By (Used In) Operations:

Net Loss	\$ (9,710)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:	
(Increase) Decrease in Accounts Receivable	(20,072)
(Increase) Decrease in Accounts Payable	1,224
(Increase) Decrease in Other Current Liabilities	1,682
(Increase) Decrease in Non-Current Liability	<u>-</u>
Total Adjustments	<u>(17,166)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ (26,876)</u></u>

UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY
POSTVILLE, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Upper Explorerland Regional Housing Authority (hereinafter "Authority") was organized pursuant to Chapter 28E of the Code of Iowa, to perform the duties outlined in Chapter 403A. The Authority is an agent for landlords who rent housing facilities to low income individuals with assistance from the federal government. The Authority operates in Allamakee, Clayton, Fayette, Howard and Winneshiek counties of Iowa.

Measurement Focus and Basis of Accounting

The proprietary fund statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recognized when earned. Expenses are recorded when the related fund liability is incurred.

Cash and Cash Equivalents

The Authority considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

The Authority's deposits in banks at June 30, 2010 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

Equipment

The Authority's equipment is purchased with HUD dollars and as such are not depreciated.

Basis of Presentation

The accounts of the Authority are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-

UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY
POSTVILLE, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The Authority has the following fund:

Proprietary Fund - Proprietary funds are used to account for operations, (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the government body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Enterprise Funds - Used to account for the Authority's federal and state housing assistance programs.

Authority-wide Statements-On the Statement of Net Assets, net assets are reported in two categories:

Restricted Net Assets result when constraints placed on net asset use are either externally imposed or imposed by law, grant or contract.

Unrestricted Net Assets consist of net assets that do not meet the definition of the preceding category. Unrestricted Net Assets may have constraints on resources imposed by management or the board of directors, which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2)

UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY
POSTVILLE, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Other items not properly included among program receipts are reported instead as general receipts.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CONCENTRATION OF REVENUES

The Authority receives a substantial amount of its total operating revenues from the federal government. This revenue is subject to federal government budget appropriations and potential funding reductions. A significant reduction in the level of this support would have a significant effect on the Authority's programs and activities.

Investments Authorized by the Authority's Investment Policy

The Authority is required to invest its funds in accordance with Iowa Statutes and HUD guidelines. The Authority does not have an investment policy with any specific provisions intended to limit their exposure to investment rate risk, credit risk and concentration of credit risk.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The Authority had no investments at June 30, 2010.

UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY
POSTVILLE, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentration of Credit Risk

The Authority does not have an investment policy regarding concentration of credit risk.

NOTE 2 - NATURE OF OPERATIONS

The Authority operates under Section 8 of the U.S. Housing Act of 1937. Section 8 Voucher Program assistance is a rental assistance program to help very low income families afford decent, safe and sanitary rental housing. The Authority, known as a public housing agency or PHA, accepts applications for rental assistance, selects the applicant for admission and issues the selected family a rental voucher confirming the families eligibility for assistance. The family must find a suitable dwelling unit. The Authority pays the landlord a portion of the rent, known as a housing assistance payment or HAP, on behalf of the family. The Authority enters into an annual contributions contract, or ACC, with HUD, which provides funds to administer the program.

NOTE 3 - RECEIVABLES

All accounts receivable are shown at gross amounts. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

Accounts receivable Planning Commission consists of an advance to Upper Explorerland Regional Planning Commission for the TBRA program and a payment mistakenly made by the Authority of \$390 for the TBRA program.

NOTE 4 - EQUIPMENT ACCOUNTING

The Authority's equipment is purchased with HUD dollars and as such is not depreciated. The Authority is required to keep a list of equipment.

UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY
POSTVILLE, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

NOTE 5 - PENSION AND RETIREMENT BENEFITS

The Authority contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost sharing multiple employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits that are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 4.30% of their annual salary and the Authority is required to contribute 6.65% of annual covered payroll to the plan. Contribution requirements are established by State statute. The Authority's contribution to IPERS for the year ended June 30, 2010 of \$9,243 is equal to the required contribution for the year.

NOTE 6 - RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors; and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance.

NOTE 7 - UNRESTRICTED & RESTRICTED ASSETS

The Authority had \$114,725 in unrestricted net assets at June 30, 2010. Per HUD regulations, the unrestricted net assets may be expended for other housing purposes consistent with the PHA's authority under State and local law.

Unrestricted Assets consist of the following:

<u>Unrestricted Net Assets - Administrative</u>	
Beginning Balance	\$ 136,906
Prior Period Adjustment	(32)
Administrative Expenses in Excess of HUD	
Administrative Payments for Year Ended	
June 30, 2010	<u>(22,149)</u>
Total Unrestricted Assets - Administration	<u>114,725</u>

UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY
POSTVILLE, IOWA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

The Authority had \$287,005 in restricted net assets at June 30, 2010. Per HUD regulations, the restricted net assets may be expended for the housing assistance payment program only.

Restricted Net Assets - HAP

Beginning Balance	\$274,639
Prior Period Adjustment	(73)
HAP in Excess of HUD payments	12,439
Total Restricted Assets - HAP	<u>287,005</u>
TOTAL NET ASSETS	<u>\$401,730</u>

NOTE 8 - LITIGATION

The Authority was involved in no litigation as of June 30, 2010.

NOTE 9 - SUBSEQUENT EVENTS

We noted no significant subsequent events.

SUPPLEMENTARY INFORMATION

UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE-BUDGET AND ACTUAL
For the Year Ended June 30, 2010

			Variance Favorable (Unfavorable)
REVENUES	Actual	Budget	
Commission			
HUD	\$ 1,386,914	1,361,760	25,154
Interest-Unrestricted	3,123	3,000	7,500
Interest-Restricted	2,630	7,500	(4,870)
Fraud Recovery	1,429	1,000	1,000
Other	1,338	-	1,338
TOTAL REVENUE	1,395,434	1,373,260	30,122
EXPENSES			
Administrative Salaries	165,765	168,150	2,385
Advertising and Promotion	519	250	
Auditing Fees	1,500	1,500	-
Employee Benefits	34,440	53,959	19,519
Contributions-Administrative			
Other Operating-Administration	23,898	28,823	4,925
Tenant Services	141	-	
Utilities	2,775	-	(2,775)
Ordinary Maintenance & Operations	7,613	8,500	887
Insurance	4,217	5,500	1,283
Housing Assistance Payments	1,163,605	1,160,000	(3,605)
Other	671	300	(371)
TOTAL EXPENSES	1,405,144	1,426,982	22,248
Deficiency of Revenues over Expenditures	(9,710)	(53,722)	44,012
Fund Balance, Beginning of Year	411,545	411,545	-
Fund Balance, End of Year	\$ 401,835	357,823	44,012

SCHEDULE 1

UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY
POSTVILLE, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

Grantor/ Program	Direct: Department of Housing and Urban Development: Section 8 Housing Choice Vouchers
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CFDA Number	14.871
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Grant Number	IA130V00083 thru IA130V00089 and IA130AF00037 thru IA130AF0051
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Federal Expenditures	\$	1,386,914
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UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY
POSTVILLE, IOWA

SUPPLEMENTARY DATA REQUIRED BY HUD
FOR THE YEAR ENDED JUNE 30, 2010

Accounts and Notes Receivable (Other than Tenant)

Fraud Recovery - None

Delinquent Tenant Accounts
Receivable

Not Applicable

Tax and Insurance
Escrow Deposits

Not Applicable

Reserve for Replacement and
Residual Receipt Account

Not Applicable

Accounts Payable (Other than
Trade Creditors)

None

Accrued Taxes

None

Compensation of Officers

None.

Tenant Security Deposits

Not Applicable

UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY
POSTVILLE, IOWA

SUPPLEMENTARY DATA REQUIRED BY HUD (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010

Computation of Surplus Cash, Distributions and Residual Receipts

HUD Form-93486 is not applicable to the Authority.

HUD Form - 92410 Statement of Profit and Loss

HUD Form-92410 is not applicable to the Authority.

Identity of Interest Companies

None.

Loans and Notes Payable

None.

Changes in Partnership Interest

N/A

Comments on Balance Sheet Items

None.

Distributions Paid to the Partners

N/A

Unauthorized Distributions Paid to Partners

N/A

Donations, Subsidy Payments and Founder's Fees

N/A

UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY
POSTVILLE, IOWASUPPLEMENTARY DATA REQUIRED BY HUD (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010Funds in Financial Institutions

Funds held by FreedomBank, Postville, Iowa - June 30, 2010

#111 Operating Reserve Account	\$133,997
#113 Operating Checking	4,409
#113 Operating Hi-Fi/Money Market	261,644
#115 FSS Escrow-Money Market	<u>733</u>

TOTAL CASH	<u>\$400,783</u>
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RFSW Ridihalgh Fuelling
Snitker Weber & Co.
C E R T I F I E D P U B L I C A C C O U N T A N T S

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Upper Explorerland Regional Housing Authority
Postville, IA

We have audited the financial statements of Upper Explorerland Regional Housing Authority as of and for the year ended June 30, 2010, and have issued our report thereon dated November 4, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Upper Explorerland Regional Housing Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Upper Explorerland Regional Housing Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Upper Explorerland Regional Housing Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, Upper Explorerland Regional Housing Authority, and the Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than these specified parties.


Ridihalgh, Fuelling, Snitker, Weber & Co., P.C.

November 4, 2010

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Snitker Weber & Co.
C E R T I F I E D P U B L I C A C C O U N T A N T S

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REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors
Upper Explorerland Regional Housing Authority
Postville, IA

Compliance

We have audited the compliance of Upper Explorerland Regional Housing Authority with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2010. Upper Explorerland Regional Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Upper Explorerland Regional Housing Authority's management. Our responsibility is to express an opinion on Upper Explorerland Regional Housing Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Upper Explorerland Regional Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Upper Explorerland Regional Housing Authority's compliance with those requirements.

In our opinion, Upper Explorerland Regional Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control over Compliance

The management of Upper Explorerland Regional Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Upper Explorerland Regional Housing Authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Upper Explorerland Regional Housing Authority's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses, as defined above.

This report is intended solely for the information and use of management, Upper Explorerland Regional Housing Authority, and the Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than these specified parties.

Ridihalgh, Fuelling, Snitker, Weber & Co., P.C.

Ridihalgh, Fuelling, Snitker, Weber & Co., P.C.

November 4, 2010

UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY
POSTVILLE, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2010

Part I: Summary of the Independent Auditor's Results:

- (a) An unqualified opinion was issued on the financial statement.
- (b) No reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No reportable conditions in internal control over the major program was disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major program was CFDA Number 14.871 – Housing Choice Vouchers.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Upper Explorerland Regional Housing Authority did qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

No instances of non-compliance were noted.

Part III: Findings and Questioned Cost for Federal Awards:

No findings or questioned costs for federal awards were noted.

UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY
POSTVILLE, IOWA

AUDITOR'S COMMENTS ON AUDIT RESOLUTION MATTERS
RELATING TO THE HUD PROGRAMS
YEAR ENDED JUNE 30, 2010

There are no prior findings on which the Authority should take corrective action.

UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY
POSTVILLE, IOWA

Audit was performed by:

Donald A. Snitker, CPA, Partner
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42-1042703

OFFICER'S CERTIFICATE

We hereby certify that we have examined the accompanying financial statements and supplementary data of Upper Explorerland Regional Housing Authority and, to the best of our knowledge and belief, they are complete and accurate.
